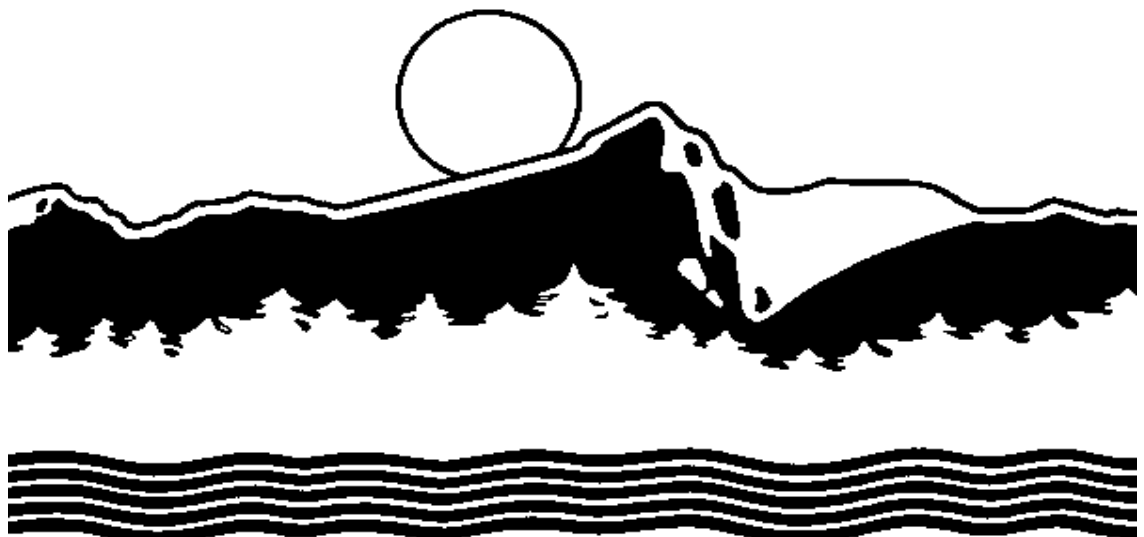


State of Montana

VENDOR HANDBOOK

GENERAL SERVICES DIVISION
DEPARTMENT OF ADMINISTRATION

November 2006



TO ALL INTERESTED VENDORS

Montana state government is one of the largest consumers of supplies and services in the state. This handbook is designed to acquaint you with the procedures governing the purchase of supplies and services by the State of Montana and to explain the standard terms and conditions applicable to the procurement process.

The General Services Division of the Department of Administration has the overall responsibility for the procurement of supplies and services for state government. Building construction is the responsibility of the Architecture and Engineering Division within the Department of Administration (406) 444-3104; highway and bridge construction is managed through the Department of Transportation (406) 444-6215.

The foundation of the state's procurement process for supplies and services is found in the Montana Code Annotated (Title 18) and the Administrative Rules of Montana (Title 2, chapter 5).

We encourage all qualified vendors to offer their supplies and services to the State of Montana. Our website is located at <http://gsd.mt.gov>. We welcome your questions or comments.

Sincerely,

MARVIN EICHOLTZ
Administrator, General Services Division

TABLE OF CONTENTS

Directory.....	1
Commonly Asked Vendor Questions	2
How to Register as a Vendor	4
The Vendor Registration Form	
Getting Selected to Receive Bids and Proposals	
Electronic Bid/Proposal Information	
New Product Line?? Address Change??	
How the State of Montana Purchases	6
Purchases of \$5,000 or Less ("Small Purchases")	
Purchases between \$5,001 and \$25,000 ("Limited Solicitation")	
Purchases over \$25,000 (Formal Competitive Requirements)	
Invitation for Bid (IFB)	
Request for Proposal (RFP)	
Contracting Methods Used by the State	
Special Procurement Situations	
How the State Evaluates and Awards Bids	
Payment	
How to Respond to Bids and Proposals	10
Bid/Proposal Submission Checklist	
Bid and Contract Performance Security	
General Information for Vendors	13
All-or-None Bids	Electronic Funds Transfer
Alternate Bids	Excise Taxes
Back Orders	Hazardous Chemical Information
Bid Errors	Inspection
Cancellation of Bids and Proposals	Late Bids/Proposals
Contract Agreement	New Products
Contractor Registration	Samples and/or Literature
Correspondence Concerning Bids/Proposals	Specifications
Default by Vendor	Vendor Protests

DIRECTORY

Website address: <http://gsd.mt.gov>

State Procurement Bureau

General Assistance	(406) 444-2575
Fax	(406) 444-2529
Street Address:	Room 165, Mitchell Building 125 North Roberts Street
Mailing Address:	PO Box 200135 Helena, MT 59620-0135

Property and Supply Bureau

General Assistance	(406) 495-6000
Fax	(406) 495-6001
Street Address:	930 Lyndale Avenue
Mailing Address:	PO Box 200137 Helena, MT 59620-0137

Print and Mail Services Bureau

General Assistance	(406) 444-3053
Fax	(406) 443-2212
Street Address:	920 Front Street
Mailing Address:	PO Box 200132 Helena, MT 59620-0132

Regular office hours are Monday-Friday, 8 a.m. to 5 p.m., Mountain Time

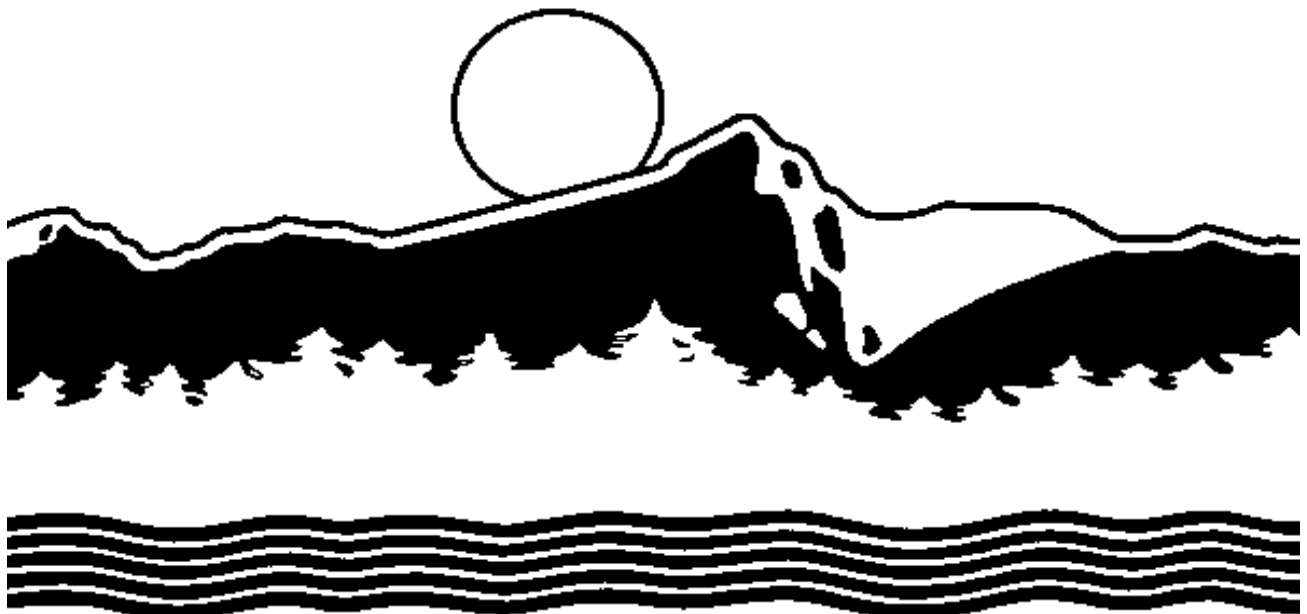
COMMONLY ASKED VENDOR QUESTIONS

- 1. Can't there be some exception for a late bid/proposal?** No. Even if the reason for the lateness of the submitted bid or proposal is beyond the control of the vendor, the bid/proposal will be rejected. Bids/proposals must be received at the proper address, by the time and date specified in the document. We encourage vendors to have their bid/proposal documents scheduled to *arrive at the designated location at least 24 hours in advance of the deadline to avoid problems such as flight or delivery delays*. If fax submissions are permitted, the entire document must be *received*, not just *transmitted*, by the designated time/date/place.
- 2. Why didn't I receive a copy of your last bid/proposal?** Because of the large number of vendors on the State of Montana Vendors List, we mail bid/proposal requests to what we deem to be a sufficient number of vendors to ensure competition. Vendors are selected to be included in the mailing by specific request of an agency and/or by random selection. In order to be aware of the bids and proposals over \$25,000 currently being solicited by the State, vendors are encouraged to utilize our website at <http://gsd.mt.gov/osbs/Default.asp> for the latest posting of bids and proposals.
- 3. How can I see the results of a bid opening?** Award information is available at the following website address: <http://gsd.mt.gov/business/contractawards.asp>. In addition, vendors are welcome to attend any bid opening and view the bids received. Vendors may also visit the state office responsible for the bid opening to review the bid tabulation sheets. Vendors interested in the results of a bid opening for contracted printing through the Print and Mail Services Bureau may submit a self-addressed, self-stamped envelope along with their bid.
- 4. What information contained in my Request for Proposal response is available to my competitors?** Due to a ruling by the Montana Supreme Court in late May 1998, all of the contents of requests for proposals are open for public inspection with few exceptions. Proposal documents are considered "open" after the time set for receipt of the proposals. In addition, the public may attend all meetings of the evaluation committees that involve competing offerors or an evaluation process. Only legitimate trade secrets (those meeting the requirements of Title 30, chapter 14, part 4, MCA) and certain financial information may be withheld from public inspection.
- 5. Why can't I fax you a copy of my bid security?** Bid security and contract performance security instruments are only valid if a vendor submits an *original* document to us. A promise to submit the original document after the faxed copy is received by the deadline is not sufficient.
- 6. How and when does the State pay for its purchases not made with a charge card?** By statute, the State has to pay for its purchases within 30 days, unless other provisions have been incorporated into the purchase order. The 30 days start running upon receipt of the supplies/services or upon receipt of a properly executed invoice, whichever is

later. A state warrant is issued in payment of the supplies/services received. If you have any questions on payment, contact the agency listed on the purchase order.

7. How do agencies use your “charge card?” Montana state agencies are strongly encouraged to use the State’s purchasing card for purchases under \$5,000. Vendors accepting the card receive their payment within 72 hours compared to the 30 days mentioned above.

8. Is there an expiration date for my vendor registration? No. Generally, once you register as a vendor, unless you are debarred from doing business with the State, or fail to keep your company information, such as address and phone numbers current, you remain registered as a vendor. Periodically, the State will undertake a general revision of the State Vendors List. If you do not respond when notified of this revision, you will be removed as a registered vendor at that time.



HOW TO REGISTER AS A VENDOR

Vendor Registration

The State has developed a website called "One-Stop Vendor Information" that is filled with information specifically geared toward assisting our vendors in doing business with the State. The web address for this site is: vendor.mt.gov. The link to the State's on-line vendor registration process can be found at this site. The online registration process allows vendors to register and maintain their own company information in a few simple steps. Any questions regarding the State of Montana Vendors List should be directed to SPBOnline@mt.gov.

In order to do business with the State of Montana, individuals and businesses will be required to submit a federal identification number to comply with IRS reporting requirements.

If you are interested in providing commercial printing to the State of Montana, please call (406) 444-3053 for a special registration form and process.

Getting Selected to Receive Bids and Proposals

Once a vendor's registration is successfully completed, the vendor is added to the State Vendors List. When the State Procurement Bureau receives a purchase request from an agency, we will solicit bids and proposals from this list. However, being placed on the Vendors List does not mean that you will receive notification of *all* appropriate requests for bids or proposals. Due to the size of the list, the State Procurement Bureau will only solicit bids or proposals from a sufficient number of vendors to ensure adequate competition. Solicitations are sent to vendors specifically requested by the ordering agency; additional vendors are selected through the use of random selection procedures. Keep in mind, however, that all bids and proposals over \$25,000 are posted on our website at <http://gsd.mt.gov/osbs/Default.asp>.

Electronic Bid/Proposal Information

We encourage vendors to utilize the State's website to monitor state procurement needs. The site lists all of the General Services Division's and several other state agency's current requests for bids and proposals over \$25,000. By utilizing this system, vendors may learn of bids and proposals they did not initially receive. Questions regarding this website can be directed to (406) 444-3322. Our home website address is: <http://gsd.mt.gov> and our e-mail address is spb@mt.gov.

New Product Line?? Address Change??

Vendors are solely responsible for the accuracy of their information and for keeping the information current. Any changes or additions, such as a change of address or an additional commodity to offer can be made at any time.

Neither the State of Montana nor its employees assume any responsibility for the accuracy or completeness of vendor information.

Failure to keep company information current can result in removal from the State Vendors List.

HOW THE STATE OF MONTANA PURCHASES

The State of Montana has specific procurement procedures based on the estimated value and type of commodity being sought by the using agency.

Purchases of \$5,000 or Less (“Small Purchases”)

If the estimated value of a purchase is \$5,000 or less, the individual agency may purchase the item directly from a vendor (unless the purchase involves printing or specific controlled commodities).

Purchases between \$5,001 and \$25,000 (“Limited Solicitation”)

If the estimated value of a purchase is between \$5,001 and \$25,000, the individual agency may purchase the item using informal documented competition. We encourage, but do not require, agencies to use our Vendors List for these purchases.

Purchases over \$25,000 (Formal Competitive Requirements)

If the estimated value of the purchase will exceed \$25,000, a formal competitive method must be used to procure the item. The State of Montana utilizes two formal procedures -- an **Invitation for Bid (IFB)** or a **Request for Proposal (RFP)**.

Invitation for Bid (IFB)

An “Invitation for Bid” is used when a state agency knows precisely what supplies or services it wishes to purchase. The IFB will contain technical specifications and a formal bid closing date/time, which the vendor must comply with in order to be considered for award. Contracts, in most cases, are awarded to the bidder submitting the lowest, responsible bid price.

Interested vendors and the public are invited, but not required, to attend the formal opening of the bids at the time and place listed in the IFB. Normally, no decisions related to an award will be made at the bid opening in order to allow the State the opportunity to analyze the submitted bids for compliance with the specifications, terms, and conditions of the IFB.

Vendors are encouraged to visit the state office responsible for the bid opening to review the bid tabulation sheets. The State Procurement Bureau posts its contract awards on our website at <http://gsd.mt.gov/business/contractawards.asp>. Commercial printers interested in bid tabulations submitted to Print and Mail Services Bureau should submit a self-addressed, self-stamped envelope with the bid submission.

Request for Proposal (RFP)

A “Request for Proposal” is typically used for complex procurements. It is often used when a state agency needs to consider factors, in addition to cost, in obtaining the required

supply or service. The RFP will state the relative importance of all evaluation factors.

The RFP process permits negotiation of proposals, including prices, at the State's discretion. A formal proposal closing date/time will be specified.

Special Note: Vendors should be aware that due to a ruling by the Montana Supreme Court in late May 1998, all of the contents of requests for proposals are open for public inspection with few exceptions. Proposal documents are considered "open" after the time set for receipt of the proposals. In addition, the public may attend all meetings of the evaluation committees that involve competing offerors or an evaluation process. Only legitimate trade secrets (those meeting the requirements) of Title 30, chapter 14, part 4, MCA) and certain financial information may be withheld from public inspection.

Contracting Methods Used by the State

There are three types of contracting methods used by the State in making purchases. The procurement official selects the appropriate contract method.

A **Purchase Order** is typically used when making a one-time purchase and formalizes the purchase transaction with a vendor. The purchase order will contain the quantity, description, and price of the supplies or services desired, applicable terms for payment, dates of performance, transportation terms, and any other factors pertinent to the purchase and its execution by the vendor.

A **State-wide Term Contract** is used for supplies or services commonly used by state agencies. These contracts are awarded by IFB or RFP for a specific period of time, with the ability to extend in annual intervals for a predetermined period. This extension is dependent on the agreement of both parties. The State issues both "exclusive" and "non-exclusive" term contracts.

"Exclusive term contracts" are "open-ended" and impose no obligation on the State other than the requirement to purchase whatever quantities as may be required during the period of the contract from the successful contractor(s), unless otherwise stated. Be sure to note that receipt of a contract does not authorize shipment; the contract holder may only ship after an order has been received from a state agency.

"Non-exclusive term contracts" are also "open-ended," but pose no obligation on the State to purchase from the successful contractor. However, we strongly encourage agencies to use these "non-exclusive term contracts" because of the ease of making a competitively priced purchase.

A **Vendor Contract** is the same as a state-wide term contract except that it is written exclusively for a particular agency or agencies.

Special Procurement Situations

Vendors should be aware of three additional procurement situations that occur in state government that may affect when you receive IFBs or RFPs and how you respond to them.

A **Requisition Time Schedule** is a purchasing technique that the State uses to consolidate some of its commodity needs into a scheduled buying period. For example, vehicles are purchased twice a year for all state agencies. Each agency's requirements are listed separately for separate delivery/billing.

A **Cooperative Purchasing Agreement** permits local governments, school districts, and some non-profit organizations to purchase from Montana state contracts. If non-state agencies choose to utilize the state contracts, they are responsible for issuing the purchase order and processing payment directly to the vendor. When responding to an IFB or RFP, vendors may have the opportunity to note whether or not their bid or offer will be extended to non-state agencies. To determine which entities are eligible to purchase cooperatively from state contracts, see the Cooperative Purchasing Program at <http://gsd.mt.gov/local/cooperativepurchasingprogram.asp>.

Special agency purchases are those items delegated to particular state agencies to make without the involvement of the General Services Division regardless of the cost. Some of these purchases, such as training, may be made without utilizing competitive procurement procedures. Other commodities, such as food and clothing for state institutions, are competitively procured directly by the agency. In addition, some state agencies have the responsibility of handling the competitive procurement of their supply or service needs up to a certain dollar limit.

How the State Evaluates and Awards Bids

In the case of an **Invitation for Bid**, the State will award a contract to the lowest responsible bidder meeting all of the criteria and specifications of the solicitation. However, the State reserves the right to reject any or all bids when it is in the best interest of the State.

In a limited number of circumstances, contract awards may be impacted by the **reciprocal preference** established by state statute (Mont. Code Ann. § 18-1-102). The State of Montana applies a reciprocal preference against a vendor submitting a bid from a state or country that grants a residency preference to its resident businesses. A reciprocal preference is only applied to an Invitation for Bid for supplies or an Invitation for Bid for nonconstruction services for public works as defined in 18-2-401(9), MCA, but only in the event that federal funds are not involved in the anticipated purchase. In addition, a reciprocal preference is only applied if it will benefit a Montana resident bidder as defined in 18-1-103, MCA. For a list of states and countries that grant residency preference, see the General Services Division website at: <http://gsd.mt.gov/procurement/preferences.asp>.

Cash discounts offered by a vendor for quick payment are encouraged but the discounts are not considered in evaluating the bids.

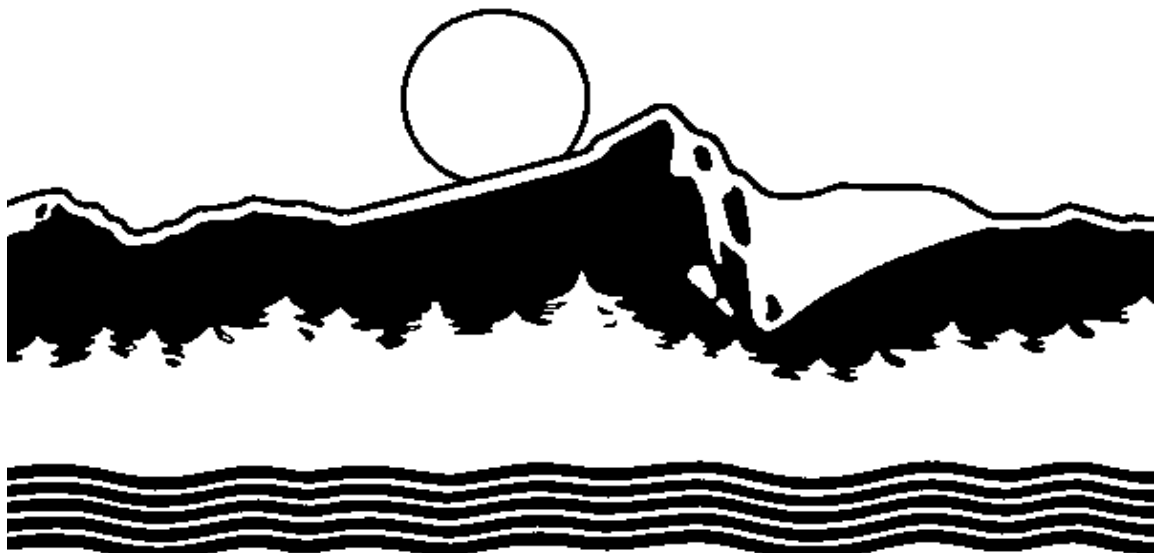
In the case of a **Request for Proposal**, the contract is awarded based on the criteria stated in the RFP.

Payment

After delivery of the supplies or services, the vendor must submit three copies of the invoice to the "Bill To" agency specified on the purchase order. The invoice, packing lists, and any correspondence must reference the purchase order or contract number. All payment terms will be computed from the date of delivery of the goods or receipt of a properly executed invoice, whichever is later. The State is allowed 30 days by statute to pay such invoices, unless other provisions have been incorporated into the purchase order. All contractors may be required to provide banking information at the time of contract execution in order to facilitate State electronic funds transfer payments.

When merchandise is received by the agency, it is inspected and checked against the specifications and a receiving report is prepared. The receiving report is matched with the vendor's invoice and the order form. If discrepancies are noted, the vendor will be contacted for correction.

In the instances involving purchases of \$5,000 or less, agencies may choose to utilize the State's purchasing card in which case, payment is made by the card company to the vendor within 72 hours.



HOW TO RESPOND TO BIDS AND PROPOSALS

Vendors are encouraged to submit bids/offers for each IFB or RFP that they can supply in accordance with the specifications, terms, and conditions stated in the IFB/RFP. Bidders/offerors should carefully read the entire solicitation.

Currently, the State does not accept bids or proposals electronically. All bids must be submitted on the forms provided. The use of company bid forms containing terms and conditions, which are in conflict with those of the State, are not acceptable. The bid or proposal must be signed by an authorized representative. The bids and offers must be submitted in a sealed envelope or box with the IFB or RFP number and closing date in the upper left-hand corner just below the return address.

It is the vendor's responsibility to ensure that a bid or proposal is received by the issuing agency prior to the time and date specified. **Late bids will be rejected regardless of the degree of lateness or the reason for the delay, including causes beyond the control of the vendor.**

Facsimile copies of bids will be accepted only if they fully comply with all other conditions of the IFB and only if they are transmitted and received prior to the time and date set for receipt of bids. Facsimile copies of responses to an RFP will be accepted only on an exception basis with the *prior approval of the procurement official*.

Bids and proposals may be withdrawn prior to the bid/proposal opening time and date. Unless withdrawn, all submitted bids and proposals become the property of the State. Bids and proposals must be firm for 30 days, unless otherwise provided for in the IFB or RFP.

Bid/Proposal Submission Checklist

Below is a checklist to use when preparing a bid or proposal. The list includes common errors made by bidders and offerors responding to IFBs and RFPs. **Please note that these instructions do not contain all applicable requirements and careful reading of the IFB and RFP is critical.**

- ◆ Review all standard terms and conditions
- ◆ Properly identify return envelope or box
- ◆ Sign your bid or offer on the front page
- ◆ Initial any bid or offer changes you make
- ◆ Submit bid security (if requested)
- ◆ Include literature (if requested)
- ◆ List contractor registration (if requested)
- ◆ Review and complete all listed requirements
- ◆ Bid F.O.B. destination (Ship to: address) Freight prepaid
- ◆ Have current Montana resident preference affidavit in place if applicable
- ◆ Sign and return with bid/proposal, the Acknowledgment of Addendum (if any)

Bid and Contract Performance Security

Requiring security as a part of the bidding and award process is intended as protection for the State against the bad faith or failure of the bidders, offerors, and contractors. "Bid or proposal security" affords protection against a bid/offer being withdrawn after it has been opened. "Contract performance security" is required to provide for the fulfillment of the contract obligations.

If **bid or proposal security** is required, it will be stated in the IFB or RFP. The amount of security required is determined by the procurement official. At the time the bid or offer is submitted, the bidder or offeror must furnish the bid or proposal security in one of the following forms:

- ◆ A sufficient bond from a surety company licensed in Montana with a Best's rating of no less than A- and supplied on the State of Montana's designated form found at <http://gsd.mt.gov/procurement/forms.asp> and entitled "Bid or Proposal Bond"; or
- ◆ Lawful money of the United States;
- ◆ An irrevocable letter of credit not to exceed \$100,000 from a single financial institution and supplied on the State of Montana's designated form found at <http://gsd.mt.gov/procurement/forms.asp> and entitled "Irrevocable Letter of Credit"; or
- ◆ A cashier's check, certified check, bank money order, bank draft, certificate of deposit, or money market certificates drawn or issued by a federally or state-chartered bank or savings and loan association that is insured by or for which insurance is administered by the FDIC or that is drawn and issued by a credit union insured by the national credit union share insurance fund. Certificates of deposit or money market certificates will not be accepted as security for bid, proposal or contract security unless the certificates are assigned only to the State. All interest income from these certificates must accrue only to the contractor and not the State.
- ◆ Personal or business checks are not acceptable.

All securities must be assigned only to the State of Montana, including certificates of deposit and money market certificates. All interest income from these certificates must accrue only to the contractor and not the State of Montana. **Facsimile copies of securities are not acceptable.** Negotiable securities will be returned to the unsuccessful vendors after the award is made.

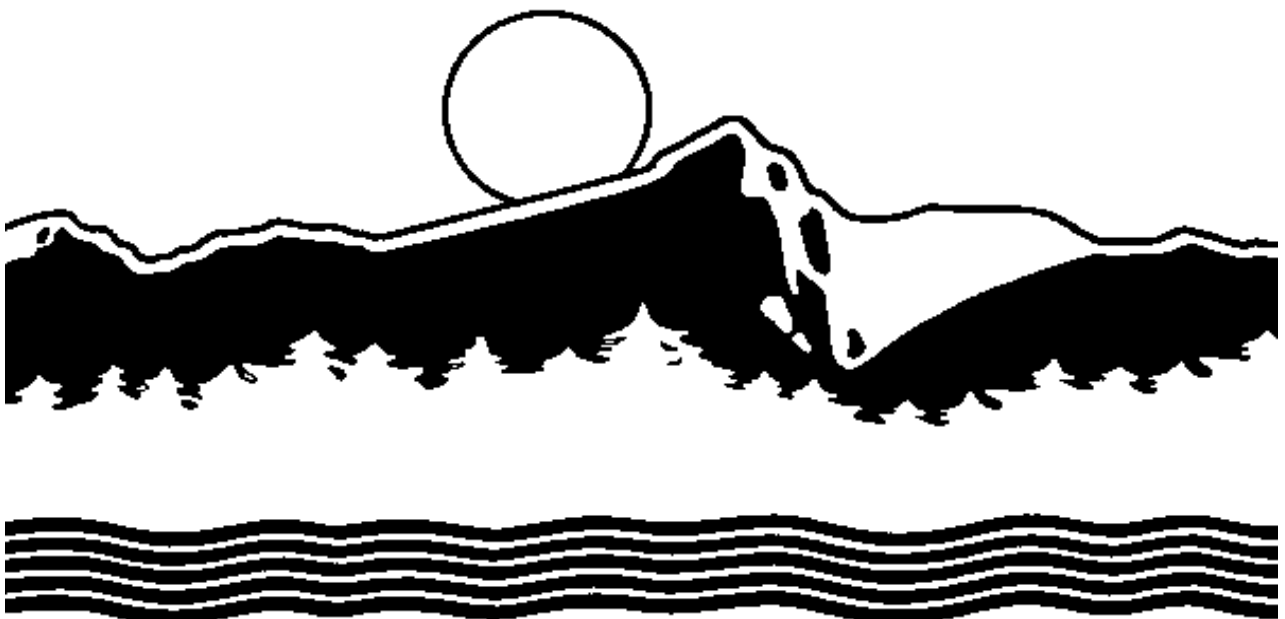
If **contract performance security** is required, the successful bidder/offeror's bid or proposal security will be held until the appropriate contract security is received by the requesting agency. The amount of security required is determined by the procurement official. It is generally required on all construction contracts and on service contracts in which a part of the contract price is for the payment of labor.

The types of securities accepted for contract performance security are the same as those listed above. All contract performance securities must be assigned only to the State of

Montana and remain in effect for the entire contract period, unless otherwise noted.
Facsimile copies of the securities are not acceptable.

The security must provide that, if the bidder/offeror fails to perform any such obligations, the State of Montana may recover from either the bidder/offeror or the surety company (or both) all damages suffered because of the breach.

If contract security is required, the contractor may not start work until the security has been received and accepted.



GENERAL INFORMATION FOR VENDORS

All-or-None Bids: All-or-none bids may be considered if clearly in the best interest of the State. All-or-none bids must contain item-by-item prices.

Alternate Bids: Vendors may submit alternate bids (a bid on supplies other than specified). Alternate bids are considered only if the vendor is the lowest responsible vendor on their primary bid. Bids must be clearly identified as “Primary” and “Alternate.”

Back Orders: If it is necessary to back order any item, the vendor must notify the receiving agency and advise them of the expected delivery or shipment date. If this date is not acceptable, the State may seek remedies for default.

Bid Errors: Prior to the opening of a bid or proposal, errors may be corrected by lining out and entering the substituted words or figures and initialed by the person signing the bid. No bid/proposal may be altered or amended after the bid/proposal opening. In the case of errors in the extension of a price, the unit price will prevail.

Cancellation of Bids and Proposals: The procurement official may cancel an IFB or RFP at any time.

Contract Agreement: The vendor's signature on the bid or proposal constitutes an offer to sell under the terms and conditions contained in the bid or proposal. The delivery of a State of Montana Purchase Order or Term Contract with the valid signature of the procurement official constitutes acceptance of the offer to sell and consummates the binding contractual agreement.

Contractor Registration: Contractors may be required to register with the Montana Department of Labor and Industry. If a particular bid or proposal requires such registration, please contact the Montana Department of Labor and Industry at (406) 444-7734.

Correspondence Concerning Bids/Proposals: Any questions concerning an IFB or RFP should be directed to the procurement official whose name and phone number appears on the IFB or RFP and include the bid or proposal number and the opening date as stated.

Default by Vendor: In the case of any default of the vendor, the State of Montana may procure the supply or service from other sources and hold the vendor responsible for any damages incurred including, but not limited to, excess costs or handling charges. The State has the right to remove any vendor from the Vendors List who defaults on a contract with the State.

Electronic Funds Transfer: All contractors may be required to provide banking information at the time of contract execution in order to facilitate State electronic funds transfer payments.

Excise Taxes: The State of Montana is exempt from Federal Excise Taxes (#81-0302402).

Hazardous Chemical Information: Vendors must provide one set of appropriate Material Safety Data Sheets (MSDS) and container labels upon delivery of all hazardous chemicals. All Material Safety Data Sheets and labels must be in accordance with the Occupational Safety and Health Administration's "Hazard Communication Rule."

Inspection: All supplies are subject to inspection and testing. Items that do not meet specifications will be rejected. Failure to reject upon receipt, however, does not relieve the vendor of liability. When subsequent tests after receipt are conducted and when such tests reveal failure to meet specifications, the State may seek damages regardless of whether part or all of the merchandise has been consumed.

Late Bids/Proposals: Regardless of cause, late bids and proposals will not be accepted and will automatically be disqualified from further consideration. It shall be the vendor's sole risk to assure delivery at the designated office by the designated time. Late bids and proposals will not be opened and may be returned to the vendor at the expense of the vendor or destroyed if requested.

New Products: All supplies and services offered and furnished must be new and of current production unless the IFB or RFP specifically allows otherwise. Re-manufactured or re-furnished supplies are not considered new.

Samples and/or Literature: Any samples or descriptive literature requested in the IFB or RFP must be provided free of charge. Samples, which are not destroyed by testing, may be returned at the vendor's expense upon request. Samples submitted by successful bidders/offers may be kept for the contract duration for comparison of shipments received.

Specifications: The procurement official assumes that a vendor is bidding in strict accordance with the specifications in the IFB. Any exceptions to the bid must be clearly indicated. Exceptions may be rejected. Merchandise received that does not meet the specifications will be returned at the vendor's expense.

Vendor Protests: To file a protest, bidders and offerors must notify the department no later than the close of business 14 calendar days after the execution of a contract. The protest must be in writing and state in detail all of the protestor's objections. If the 14th day falls on a Saturday, Sunday or legal holiday, the protest is due at the end of the next business day. In return, the department must conduct an internal review of the protest and notify the protestor in writing of the findings within 30 days of the receipt of the protest. If the decision of the department is not satisfactory, the bidder or offeror may pursue a contested case hearing within 14 days of the protest decision, pursuant to the Montana Administrative Procedures Act. It is important to note that in the event of a protest, contested case hearing or judicial review, the State is under no obligation to delay, halt, or modify the procurement process. Monetary damages of any sort are not permitted per section 18-4-242, MCA